



Focus: HOPE
Celebrating Diversity Since 1968

September 27, 2007

Mary P. Levine
Acting General Counsel/Director of Legal Affairs
Michigan State Housing Development Authority
PO Box 30044
Lansing, MI 48909

Dear Ms Levine:

Focus: HOPE is pleased to submit these comments with respect to the draft State of Michigan Qualified Allocation Plan (QAP) for 2008-2009.

As you may know, Focus: HOPE is a civil and human rights organization with a mission to combat racism, poverty and injustice. Focus: HOPE's main campus is in the center of Detroit, near intersection of the Davison and Lodge Freeways. Despite Focus: HOPE's having invested over \$100 million in office, educational facilities and manufacturing plants along Oakman Boulevard between Linwood and Rosa Parks Boulevard, and despite its having state of the art manufacturing education and training programs, much work remains to be done to revitalize the neighborhoods around Focus: HOPE. Focus: HOPE and other community stakeholders are working together to make the community surrounding our main campus "a neighborhood of choice." This community, which includes the beautiful historic Oakman Boulevard district, is a microcosm of Detroit, suffering from severe population and corresponding housing stock losses that started mid-century and continue today.

To "jump start" community development in this area Focus: HOPE is working on several direct development efforts, as well as other supporting community building activities. Low Income Housing Tax Credits (LIHTC) are critical to the success of several "in the works" Focus: HOPE projects. Our comments are in large part based in the impact that we perceive the current QAP to have on these proposed projects, but are also rooted in our mission to combat racism, poverty and injustice.

Our comments are as follows:

Comment 1: Elimination of the Lottery System

The elimination of the lottery system is an excellent step forward. The lottery system did not result in the awarding of projects based on either of the two appropriate allocation methods: merit (strength of project) or need. The draft QAP restores incentives to produce better projects.

Comment 2: Detroit Hamtramck Highland Park (DHHP) Holdback

The provision for a DHHP holdback is another excellent step forward. Clearly, the need in Detroit for LIHTC projects is enormous and unparalleled. The holdback is appropriate and brings the QAP back in line with statutory mandates for the program.

Comment 3: Impact on Cool Cities Projects in Detroit

The new QAP has an unfortunate impact on projects in Cool Cities neighborhoods in Detroit. For Cool Cities projects in the rest of the State, there is a 5% holdback in the draft QAP. However, we understand the language at the end of Section VII B 1 of the QAP to mean that Detroit projects **cannot** participate in any of the other holdbacks in the QAP. Accordingly, in the way that this QAP is drafted, in Detroit there is not only no holdback for Cool Cities projects, but Cool Cities projects are combined in the “other” category of the DHHP holdback, and must compete with all other projects. The Cool Cities program promises priority for State funding opportunities. However, the draft QAP provides no priority whatsoever for such projects in Detroit.

Comment 4: DHHP Allocation Percentages

Section VII B 1a of the draft QAP proposed an allocation of 40% of the DHHP holdback for Next Detroit Neighborhood Initiative projects. In addition, Section VII B 1 d appears to permit “all other project types cited in this DHHP Holdback Section,” which may include Next Detroit Neighborhood Initiative projects, to participate in the remaining “other” allocation in addition to the 40% allocation. These four Next Detroit neighborhoods comprise a tiny percentage of both the land area and the population of the City of Detroit. It is entirely possible that there may not be sufficient projects meeting the criteria of section 1a in any given year. The draft QAP does not indicate a result when there are not sufficient projects of this type to meet the allocation requirement.

Recommendations:

Decrease the DHHP holdback to 20%. State clearly that if there are not sufficient projects of high enough caliber in subsections a, b and c, the respective allocations in these sections shall be allocated to projects meeting the requirements of subsection d. Eliminate the “double dip” of projects in categories a, b and c in category d (“all other project types cited in this DHHP Holdback Section”). Alternatively, include Cool Cities projects in the Next Detroit Neighborhood set aside.

Comment 5: Annual Credit Caps

Section VI B contains allocation caps for DHHP project of 30% for subcategories a, b and d. This percentage is apparently intended to be applied to the entire DHHP holdback, though the language in this section is not clear (e.g., for subcategory b, the cap would be 30% of the entire 50% DHHP holdback). This cap effectively limits projects in those categories to sizes which are suboptimal for LIHTC development, and will likely impair the ability of good projects, particularly in Detroit, to proceed.

Recommendation:

The cap per single project should be increased to at least \$800,000.

Please do not hesitate to contact the undersigned should you have any questions with respect to the above comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'D E Fisher', with a stylized flourish at the end.

Deborah E. Fisher

Manager, Community and Economic Development Department